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June 24, 1999

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Magalie Roman Salas, Secretary  
Federal Communications Commission  
The Portals  
445 12th Street, S.W.  
Room TW-A325  
Washington, DC 20554

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JUN 24 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: **Ex Parte Presentation:**  
**IB Docket No. 98-21**

Dear Secretary Salas:

On Tuesday, June 23, 1999, Sanford T. Inouye, Senior Staff Counsel, State of Hawaii Cable Television Division, Herbert E. Marks of Squire Sanders & Dempsey, L.L.P., and Bruce A. Olcott, of the same office met with Tom Tycz, Chief, Satellite & Radiocommunication Division, Linda Haller, Senior Legal Advisory, International Bureau, Rosalee Chiara, Deputy Chief, Satellite Policy Branch, Selina Khan, Satellite Policy Branch and Kimberly Baum, Satellite Engineering Branch to discuss the views of the State of Hawaii ("the State") with respect to the above reference Notice of Proposed Rule Making on the direct broadcast satellite ("DBS") service.

During the meeting, the State reinforced positions that it expressed in its original comments in the proceeding. The State also urged the Commission to clarify that its geographic service rules mandate that service to Hawaii and Alaska should be comparable in content and quality to service in the rest of the United States. This means that DBS licensees should provide Hawaii with the same level of programming diversity as provided in other states, using receive dishes small enough to be used by residents in multifamily housing.

The State also indicated that the Commission's geographic service rules should be applied to all satellites providing direct-to-home ("DTH") services where technically feasible. Additionally, the Commission's geographic service rules should apply to non-U.S. licensed DBS satellite operators serving the United States.

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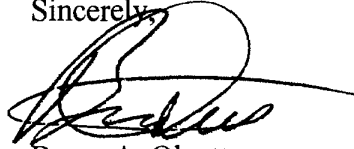
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During the meeting, the attached talking points were provided. Please contact the undersigned if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce A. Olcott', with a long horizontal flourish extending to the right.

Bruce A. Olcott

Copy: Tom Tycz, Chief, Satellite and Radiocommunication Division  
Linda Haller, Senior Legal Advisory, International Bureau  
Rosalee Chiara, Deputy Chief, Satellite Policy Branch  
Selina Khan, Satellite Policy Branch  
Kimberly Baum, Satellite Engineering Branch

**Direct Broadcast Satellite Service for Hawaii  
(IB Docket No. 98-21)**

**Presentation to the  
FCC International Bureau**

by

**The State of Hawaii**

- It has been 16 months since the FCC released its Notice of Proposed Rule Making on rules and policies for the direct broadcast satellite ("DBS") service. Since that time:
  - DBS has undergone a major consolidation with (1) MCI assigning its DBS authorization to EchoStar and (2) DirecTV taking over the DBS authorizations of Tempo and USSB.
  - Several foreign administrations have raised the possibility of providing DBS to the U.S.
  - Despite growth and consolidation, no DBS licensee is providing DBS service to Hawaii.
- While DirecTV and EchoStar have plans to serve Hawaii, the plans have shortcomings:
  - Both operators will use only one satellite to serve Hawaii, providing Hawaiians with fewer channels and much less diversity than consumers in the rest of the United States.
  - Both operators will use receive dishes that are about one meter in diameter. This is too large for customers in multifamily housing, which is a major form of housing in the State.
- These developments are of significant concern to the State, which concurs with the FCC in considering DBS to be an important competitive option to cable television.
  - The State's cable television penetration rate in 1997 was 88%, significantly above the national average of 68.2% for 1997.
  - The average monthly cable rate in Hawaii was \$0.69 per channel in 1997, above the 1997 national average for non-competitive cable systems of \$0.63 per channel.
- Additionally, the next generation of DBS may include interactive services such as Internet access, which Hawaiian's will need to be a part of a rapidly changing technological society.
- The Commission should consider these developments when updating the Commission's rules for DBS licensees. First, the Commission should use the current proceeding to clarify that:

State of Hawaii Presentation on DBS  
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- The Commission's geographic service rules mandate that service to Hawaii and Alaska should be comparable in content to the service in the rest of the United States. This does not mean that service must be identical. The service should provide Hawaii with the same levels of information and programming diversity as provided in other states.
- The Commission's rules also mandate that DBS should be available in Hawaii and Alaska using satellite receive dishes that are small enough to be used by most consumers. Without such a rule in place, only residents of single family housing (which is comparatively expensive in Hawaii) will be able to enjoy video competition.
- Finally, the Commission should clarify that Section 100.53 applies to all DBS licensees that: (a) request extensions of time, (b) request license renewals and (c) replace any satellite.
- The Commission should also extend its geographic coverage rules to apply to all providers of direct-to-home ("DTH") services (both in the Ku- and Ka-bands) where technically feasible.
- Finally, the Commission should apply its geographic coverage rules to foreign-licensed DBS satellites providing services to the United States. Foreign licensed DBS satellites may provide the only near term option for a third major provider of DBS in the United States.
- The foregoing proposals are addressed in more detail in the State of Hawaii's Comments (April 6, 1998) and Reply Comments (April 21, 1998).